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SIPDIS

NSC FOR BADER, MEDEIROS, AND LOI

E.O. 12958: DECL: 01/26/2030
TAGS: [ECON](#) [PGOV](#) [PHUM](#) [PREL](#) [EINV](#) [CH](#)
SUBJECT: GOOGLE UPDATE: PRC ROLE IN ATTACKS AND RESPONSE
STRATEGY

REF: XXXXXXXXXXXXX

XXXXXXXXXXXXX

Classified By: DCM Robert Goldberg. Reasons 1.4 (b), (d).

11. (S) Summary: A well-placed contact claims that the Chinese government coordinated the recent intrusions of Google systems. According to our contact, the closely held operations were directed at the Politburo Standing Committee level.

-- Another contact claimed a top PRC leader was actively working with Google competitor Baidu against Google.

-- Chinese concerns over the recent Google threat to take down the company's Chinese-language search engine google.cn over censorship and hacking allegations were focused on the service's growing popularity among Chinese Internet users and a perception that the USG and Google were working in concert.

-- An appeal to nationalism seems to be the Chinese government's chosen option to counter Google's demand to provide unfiltered web content.

-- Contacts in the technology industry tell us that Chinese interference in the operations of foreign businesses is widespread and often underreported to U.S. parent companies.
End Summary.

Attacks Directed at High Level

12. (S) XXXXXXXXXXXXX
XXXXXXXXXXXXX

PRC Sees USG and Google Working Together

13. (C) XXXXXXXXXXXXX
XXXXXXXXXXXXX told PolOff XXXXXXXXXXXXX that Google's recent move presented a major dilemma (maodun) for the Chinese government, not because of the cyber-security aspect but because of Google's direct challenge to China's

legal restrictions on Internet content. The immediate strategy, XXXXXXXXXXXX said, seemed to be to appeal to Chinese nationalism by accusing Google and the U.S. government of working together to force China to accept "Western values" and undermine China's rule of law. The problem the censors were facing, however, was that Google's demand to deliver uncensored search results was very difficult to spin as an attack on China, and the entire episode had made Google more interesting and attractive to Chinese Internet users. All of a sudden, XXXXXXXXXXXX continued, Baidu looked like a boring state-owned enterprise while Google "seems very attractive, like the forbidden fruit." He said it "seems clear" to the Chinese people that Google and the U.S. government were working together on Internet freedom and to undermine Chinese government controls on the Internet. That made some intellectuals happy, XXXXXXXXXXXX said, but "some others" regarded it as interference in China's internal affairs.

Industry: Interference Common, Paranoia Driving PRC Policy

XXXXXXXXXXXXX 002 OF 002

14. (C) XXXXXXXXXXXX

XXXXXXXXXXXXX (please protect) noted the pronounced disconnect between views of U.S. parent companies and local subsidiaries. PRC-based company officials often downplayed the extent of PRC government interference in their operations for fear of consequences for their local markets. Our contact emphasized that Google and other U.S. companies in China were struggling with the stated Chinese goal of technology transfer for the purpose of excluding foreign competition. This consultant noted the Chinese were exploiting the global economic downturn to enact increasingly draconian product certification and government procurement regulations to force foreign-invested enterprises (FIEs) to transfer intellectual property and to carve away the market share of foreign companies.

Chinese Media: American Hypocrisy and Cultural Hegemony

15. (U) The Secretary's speech continued to dominate headlines January 25-26, with the official People's Daily (circ 2.2 million) alleging collusion between U.S. officials and the business community as evidenced by the propinquity of Google's rethink of its China business and the Secretary's speech. Chinese media again accused the U.S. of "cultural hegemony" for setting the standards for "so-called Internet freedom" and of hypocrisy for calling for the free flow of information while using the Internet as a political and military tool. People's Daily-affiliated Global Times English (circ 150,000) called the speech a "milestone" showing that U.S. and Western political interests were "taking over every dimension" of cyberspace.

16. (U) The Party-affiliated Beijing News (circ 530,000) opined that the speech showed "a huge gap between Chinese and American information industries, which may lead to a trade war strategy." In an article headlined "China Intensifies Counterattack on Internet Accusation," Global Times Chinese (circ 1.3 million) quoted Chinese scholar Niu Xinchun as rejecting the theory that U.S.-China conflict would replace the "G2" cooperation model, noting that U.S. attacks usually ended "poorly" when the U.S. considered its practical interests. Many papers quoted statements from the State Council Information Office and Ministry of Industry and Information Technology calling Chinese Internet controls "legitimate" and saying they should not be subject to "unjustifiable interference." Papers continued to conflate Google's China business strategy with the Secretary's speech.

Blogging Circumscribed

17. (SBU) Anecdotally, censors appear to have cracked down on blogging about the Secretary's speech. XXXXXXXXXXXX
XXXXXXXXXXXXX Secretary Clinton's speech is currently blocked

in Chinese on state.gov but remains accessible on the U.S.
Embassy website in both English and Chinese.
HUNTSMAN